

LAW OFFICES
GERST, HEFFNER, CARPENTER & PRECUP
SUITE 1107
1700 K STREET, N W
WASHINGTON, D C 20006
(202) 659-0026
TELECOPIER (202) 293-3319

PHILADELPHIA OFFICE
SUITE 528 PHILADELPHIA BOURSE
21 SOUTH FIFTH STREET
PHILADELPHIA, PA 19106
(215) 592-8182

MARY TODD CARPENTER
ERIC D GERST, P C
JOHN D HEFFNER
RONALD G PRECUP
GEOFFREY N ZEH
COUNSEL

BY HAND

October 12, 1993

• 18433
RECORDED NO. _____ FILED NO. _____

OCT 12 1993 - 1 40 PM

INTERSTATE COMMERCE COMMISSION

Ms. Mildred R. Lee
Equipment Recordation Office
Room 2303
Interstate Commerce Commission
Washington, D.C. 20423

Dear Ms. Lee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two executed original copies of Security Agreements, both dated October 8, 1993, primary documents as defined in the Commission's Rules for Recordation of Documents under 49 CFR 1177. Each agreement should be assigned its own recordation number. The first Security Agreement is between Key Bank of New York and Mohawk, Adirondack & Northern Railroad Corporation and covers engine 804. The second Security Agreement is between Key Bank and GVR Associates, Inc., and covers engine 811. These Security Agreements give Key Bank a lien on engines 804 and 811, to serve as collateral for a loan evidenced by a promissory note.

The names and addresses of the parties to the enclosed documents are:

Engine 804

Lender: Key Bank of New York
50 Fountain Plaza
Buffalo, New York 14202

Borrower: Mohawk, Adirondack & Northern Railroad Corp.
8364 Lewiston Road
Batavia, New York 14020

*Completed by
Robert A. Timish*

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October 8, 1993
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Engine 811

Lender: Key Bank of New York
50 Fountain Plaza
Buffalo, New York 14202

Borrower: GVR Associates, Inc.
8364 Lewiston Road
Batavia, New York 14020

A description of the railroad equipment covered by the enclosed document is as follows:

- (1) Engine 804
American Locomotive Company ("ALCO")
Model 25-25, C-425 "road switcher"
2500 HP
- (2) Engine 811
American Locomotive Company ("ALCO")
Model 25-25, C-425 "road switcher"
2500 HP

Also enclosed is a check in the amount of \$36.00 payable to the order of the Interstate Commerce Commission covering the required recordation fees for both agreements.

Please stamp and return for our files the copy of the transmittal letter and xerox copies of each Security Agreement marked "stamp and return."

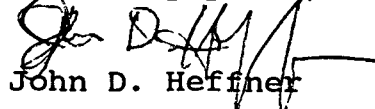
Short summaries of the enclosed primary documents to appear in the Commission's index are:

Security Agreement dated October 12, 1993, between Mohawk, Adirondack & Northern Railroad Corporation, Borrower, and Key Bank of New York, Lender, covering diesel-electric locomotive 804.

Security Agreement dated October 12, 1993, between GVR Associates, Inc., Borrower, and Key Bank of New York, Lender, covering diesel-electric locomotive 811.

Please let me know if you need any thing else.

Sincerely yours,


John D. Heffner

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October 8, 1993
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Enclosures

cc: John Herbrand, Esq.
Ms. Laura Bruns

KEY BANK OF NEW YORK
SECURITY AGREEMENT

18433
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INTERSTATE COMMERCE COMMISSION

In consideration of financial accommodations (arising from loan, advance, overdraft, letter of credit, acceptance and/or other credit transactions) given or to be given or to be continued to GENESEE VALLEY TRANSPORTATION CO., INC., a corporation with an office at 8364 Lewiston Road, Batavia, New York 14020 (the "Debtor") by KEY BANK OF NEW YORK, a New York State banking corporation with an office located at 50 Fountain Plaza, Buffalo, New York 14202 (the "Bank"), GVR ASSOCIATES, INC., a wholly owned subsidiary of the Debtor ("GVR") hereby agrees with the Bank that whenever the Debtor shall be at any time or times directly or contingently indebted, liable or obligated to the Bank in any manner whatsoever, the Bank shall have the following rights:

1. As security for the due and punctual payment of any and all of the present and future Indebtedness of the Debtor (as defined in Section 2 below), GVR hereby grants to the Bank a continuing security interest in (a) all of the Collateral (as defined in Section 3 below), whether now or hereafter existing or acquired, and (b) all present and future products and proceeds of the Collateral.

2. As used herein, the term "Indebtedness" means all liabilities, direct or contingent, joint, several or independent, of the Debtor now or hereafter existing, due or to become due to, or held or to be held by, the Bank for its own account or as agent for another or others, whether created directly or acquired by assignment or otherwise and howsoever evidenced, including but not limited to a certain indebtedness related to a certain United States Small Business Administration ("SBA") guaranteed term loan in the amount of \$175,000.00 ("Term Loan").

3. As used herein, the term "Collateral" means:

2500 HP ALCO LOCOMOTIVE
MODEL C425 S/N S-3392-11 UNIT 811

4. The balance of every account of GVR with, and each claim of GVR against, the Bank existing from time to time, shall be subject to a lien and a security interest in favor of the Bank and subject to be set off against any and all Indebtedness; and the Bank may at any time or from time to time at its option and without notice appropriate and apply toward the payment of any of the Indebtedness the balance of each such account of GVR with, and each such claim of GVR against, the Bank, and GVR will continue to be liable to the Bank for any deficiency, with interest.

5. GVR represents and warrants that: (a) no Financing Statement (other than any which may have been filed on behalf of the Bank) relating to any of the Collateral is on file in any public office, and (b) the chief and other places of business of GVR (if any), the books and records relating to the Collateral and the Collateral are respectively located at the address(es) set forth below and GVR will not change such locations without prior written notice to and consent of the Bank.

6. GVR assumes all liability and responsibility in connection with all Collateral acquired by GVR; and the obligation of the Debtor to pay all Indebtedness shall in no way be affected or diminished by reason of the fact that any such Collateral may be lost, destroyed, stolen, damaged or for any reason whatsoever unavailable to GVR.

7. So long as this Agreement shall remain in effect, GVR agrees: (a) that, if the Bank so demands in writing at any time, (i) all proceeds of the Collateral shall be delivered to the Bank promptly upon their receipt in a form satisfactory to the Bank, and (ii) all chattel paper, instruments, and documents pertaining to the Collateral shall be delivered to the Bank at the time and place and in the manner in which specified in the Bank's demand; (b) in order to enable the Bank to comply with the law of any jurisdiction, including state, federal and foreign, applicable to any security interest granted hereby or to the Collateral, to execute and deliver upon request, in form acceptable to the Bank, any Financing Statement, notice, statement, instrument, document, agreement or other paper and/or to perform any act requested by the Bank which may be necessary to create, perfect, preserve, validate or otherwise protect such security interest or to enable the Bank to exercise and enforce the Bank's rights hereunder or with respect to such security interest; (c) promptly to pay any filing fees or other costs in connection with (i) the filing or recordation of such Financing Statements or any other papers described above and (ii) such searches of the public records as the Bank in its sole discretion shall require; (d) that the Bank is authorized to file or record any such Financing Statements or other papers without the signature of GVR if permitted by applicable law; (e) except for the security interest granted hereby, GVR shall keep the Collateral and proceeds and products thereof free and clear of any security interest, liens or encumbrances of any kind; GVR shall promptly pay, when due, all taxes and transportation, storage and warehousing charges and fees affecting or arising out of the Collateral and shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein adverse to the Bank; (f) at all times to keep all insurable Collateral insured at the expense of GVR (i) to the Bank's satisfaction against loss by fire, theft and any other risk to which the Collateral may be subject and (ii) if the Bank so requests, in favor of the Bank; any of the relative insurance policies or certificates shall, if the Bank so requests, be deposited with the Bank; the Bank may apply any proceeds of such insurance which may be received by it toward payment of the Indebtedness, whether or not due, in such order of application as the Bank may determine; (g) that the Bank's duty with respect to the Collateral shall be solely to use reasonable care in the custody and preservation of Collateral in its possession; the Bank shall not be obligated to take any steps necessary to preserve any rights in any of the Collateral against prior parties, and GVR hereby agrees to take such steps; GVR shall pay to the Bank all costs and expenses, including filing and reasonable attorneys' fees, incurred by the Bank in connection with the custody, care, preservation or collection of the Collateral. The Bank may, but is not obligated to, exercise any and all rights of conversion or exchange or similar rights, privileges and options relating to the Collateral; the Bank shall have no obligation to sell or otherwise realize

upon any of the Collateral as herein authorized and shall not be responsible for any failure to do so or for any delay in so doing; in the event of any litigation, with respect to any matter connected with this Agreement, the Indebtedness, the Collateral, or any other instrument, document or agreement applicable thereto or to any one or more of them in any respect, Debtor hereby waives the right to a trial by jury and all defenses, rights of setoff and rights to interpose counterclaims of any nature; (h) to provide the Bank with such information as the Bank may from time to time request; (i) that the Bank will be notified promptly in writing of any change in any office as set forth below; (j) that GVR will permit the Bank, by its officers and agents, to have access to and examine at all reasonable times the properties, minute books and other corporate records, and books of account and financial records of GVR; and (k) that GVR will promptly notify the Bank upon the occurrence of any default under any agreement between GVR and the Bank.

8. Upon nonpayment when due of any of the Indebtedness, or upon failure of GVR or the Debtor to perform any agreement on its part to be performed hereunder, or by the terms of any other or related agreement in connection with the Indebtedness, or in case the Bank deems itself insecure, or if it appears at any time that any representation in any financial or other statement of GVR or the Debtor is untrue or omits any material fact, or if a material adverse change shall occur in the financial condition of GVR or the Debtor, or if GVR or the Debtor (or any endorser, guarantor or surety of or upon any of the Indebtedness) shall die or (being a partnership or corporation) shall be dissolved or shall become insolvent (however evidenced), or upon the suspension of business of GVR or the Debtor, or upon the issuance of any warrant, process, or order of attachment, garnishment or other lien and/or the filing of a lien as a result thereof against any of the property of GVR or the Debtor (or any endorser, guarantor or surety of or upon any of the Indebtedness), or upon the commencement of any proceeding under (or the use of any of the provision of) Article 52 of the New York Civil Practice Law and Rules (or any other applicable law in any jurisdiction) by any judgment creditor against GVR or the Debtor or with respect to any property of GVR or the Debtor, or upon the making by GVR or the Debtor (or any endorser, guarantor or surety of or upon any of the Indebtedness) of an assignment for the benefit of creditors, or upon the application for the appointment or the appointment of a trustee or receiver or similar officer for GVR or the Debtor (or any endorser, guarantor or surety of or upon any of the Indebtedness) or for any of the property of GVR or the Debtor (or any such endorser, guarantor or surety), or upon any proceedings being commenced by or against GVR or the Debtor (or any such endorser, guarantor or surety) under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt, composition, receivership, liquidation or dissolution law or statute of any jurisdiction, then and in any such event: (a) all Indebtedness shall become at once due and payable, without notice, presentation, demand of payment or protest, which are hereby expressly waived; (b) the Bank is authorized to take possession of the Collateral and, for that purpose, may enter, with the aid and assistance of any person or persons, any premises where the Collateral, or any part thereof is, or may be, placed and remove the same; (c) the Bank may

require GVR to assemble the Collateral and to make it available to the Bank at a place designated by the Bank which is reasonably convenient to the Bank and GVR; (d) the Bank shall have the right from time to time to sell, resell, assign, transfer and deliver all or any part of the Collateral, at any broker's board or exchange, or at public or private sale or otherwise, at the option of the Bank, for cash or on credit for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon such terms and conditions as the Bank, may deem proper, and in connection therewith may grant options and may impose reasonable conditions such as requiring any purchaser to represent that any stock constituting part of the Collateral is being purchased for investment purposes only, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon or notice to GVR or right of redemption of GVR, which are hereby expressly waived; (e) the Bank shall, upon mailing notice to GVR that it so elects, have from the date of such mailing the right from time to time to vote any shares of stock securing any of the Indebtedness; (f) the Bank's obligation, if any, to give additional (or to continue) financial accommodations of any kind to the Debtor shall immediately terminate; (g) upon each such sale, the Bank may, unless prohibited by applicable statute which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, rights of redemption and equities of GVR, which are hereby waived and released; and (h) in addition to the rights and remedies given to the Bank hereunder or otherwise, the Bank shall have all of the rights and remedies of a secured party under the New York Uniform Commercial Code.

9. In the case of each such sale or of any proceedings to collect any of the Indebtedness, GVR shall pay all costs and expenses of every kind for collection, sale or delivery, including reasonable attorneys' fees, and after deducting such costs and expenses from the proceeds of sale or collection, the Bank may apply any residue to pay any of the Indebtedness and the Debtor will continue to be liable to the Bank for any deficiency with interest.

10. The Bank may, but is not obligated to, (a) demand, sue for, collect or receive any money or property at any time due, payable or receivable on account of or in exchange for any obligation securing any of the Indebtedness, (b) compromise and settle with any person liable on such obligation, and/or (c) extend the time of payment of or otherwise change the terms thereof, as to any party liable thereon; all without incurring responsibility to the undersigned or affecting any of the Indebtedness.

11. In order to effectuate the terms and provisions hereof, GVR hereby designates and appoints Bank and its designees or agents as attorney-in-fact of GVR, irrevocably and with power of substitution, with authority to receive, open and dispose of all mail addressed to GVR, to notify the Post Office authorities to change the address for delivery of mail addressed to GVR to such address as Bank may designate; to endorse the name of GVR on any notes, acceptances, checks, drafts, money orders, instruments or other evidences of payment or proceeds of the Collateral that may come into Bank's possession; to sign the name of GVR on any

invoices, documents, drafts against and notices (which also may direct, among other things, that payment be made directly to the Bank) to account debtors or obligors of the Debtor, assignment and requests for verification of accounts; to execute proofs of claim and loss, to execute any endorsements, assignments, or other instruments of conveyance or transfer, to adjust and compromise any claims under insurance policies; to execute releases; and to do all other acts and things necessary and advisable in the sole discretion of the Bank to carry out and enforce this Agreement. All acts of said attorney or designee are hereby ratified and approved and said attorney or designee shall not be liable for any acts of commission or omission, nor for any error of judgment or mistake of fact or law. This power of attorney being coupled with an interest is irrevocable while any of the Indebtedness shall remain unpaid.

12. All options, powers and rights granted to the Bank hereunder or under any promissory note, instrument, document or other writing delivered to the Bank shall be cumulative and shall be in addition to any other options, powers or rights which the Bank may now or hereafter have as a secured party under the New York Uniform Commercial Code or under any other applicable law or otherwise.

13. No delay on the part of the Bank in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. Neither this Agreement nor any provision hereof may be modified, changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the modification, change, waiver, discharge or termination is sought. The Bank shall have the right, for and in the name, place and stead of GVR, to execute endorsements, assignments or other instruments of conveyance or transfer with respect to any of the Collateral.

14. Notice of acceptance of this Agreement by the Bank is hereby waived. This Agreement shall be immediately binding upon GVR and its successors and assigns, whether or not the Bank signs this Agreement.

15. It is the intention of the parties (a) that, subject to Section 17 below, this Agreement shall constitute a continuing agreement applying to any and all future, as well as existing, transactions between the Debtor and the Bank; and (b) that the security interest provided for herein shall attach to after-acquired as well as existing Collateral, and the Indebtedness covered by this Agreement shall include future advances and other value, as well as existing advances and other value, whether or not the advances or value are or shall be given pursuant to commitment, all to the maximum extent permitted by the Uniform Commercial Code.

16. This Agreement may be terminated by GVR upon delivery of written notice to the Bank of such intention and payment in full of all outstanding Indebtedness; provided, however, that (a) such notice and payment shall in no way affect, and this Agreement shall remain fully operative as to any transactions entered into or rights granted or liabilities incurred prior to receipt of such notice by the Bank, and (b)

prior to such termination, this Agreement shall be a continuing agreement in every respect.

17. Unless the context otherwise requires, all terms used herein which are defined in the New York Uniform Commercial Code shall have the meanings therein stated.

18. If this Agreement is signed by two or more parties as debtors, they shall be jointly and severally liable hereunder, and the term "Debtor" wherever used in this Agreement shall mean the parties who have signed this Agreement and each of them.

19. Mailing Address of GVR and Address of the Bank.
For the purpose of Section 9-402(1) of the Uniform Commercial Code, the address of GVR specified below under the caption "Chief Place of Business Address" shall be GVR's mailing address, and the address of the Bank specified on the first page hereof shall be the Bank's address from which information concerning the Bank's security hereunder may be obtained.

20. This Agreement shall be construed in accordance with and be governed by the law of the State of New York.

IN WITNESS WHEREOF, GVR has executed this Agreement or has caused these presents to be executed and delivered by its proper corporate officer or officers and caused its proper corporate seal to be hereto affixed, this 8th day of October, 1993.

GVR ASSOCIATES, INC.

BY:

Jeffrey P. Baxter
JEFFREY P. BAXTER, VICE PRESIDENT

Chief Place of Business Address:

36 ROCHESTER STREET
SCOTTSVILLE, NEW YORK 14546

Address of Location of Books and
Records Relating to Collateral:

8364 LEWISTON ROAD
BATAVIA, NEW YORK 14020

U.S. Small Business Administration

SBA LOAN NUMBER

GP 592122 30 03 BUF

NOTE

ROCHESTER, NEW YORK

(City and State)

\$ 175,000.00

(Date) _____, 19 _____

For value received, the undersigned promises to pay to the order of _____

KEY BANK OF NEW YORK

(Payee)

at its office in the city of Batavia, State of New York

or at holder's option, at such other place as may be designated from time to time by the holder _____

ONE HUNDRED SEVENTY FIVE THOUSAND AND 00/100----- dollars,

(Write out amount)

with interest on unpaid principal computed from the date of each advance to the undersigned at the rate of 8-1/4 percent per

annum, payment to be made in installments as follows:

(Continued on Schedule A attached hereto and made a part hereof as fully set forth herein)

If this Note contains a fluctuating interest rate, the notice provision is not a pre-condition for fluctuation (which shall take place regardless of notice) Payment of any installment of principal or interest owing on this Note may be made prior to the maturity date thereof without penalty Borrower shall provide lender with written notice of intent to prepay part or all of this loan at least three (3) weeks prior to the anticipated prepayment date. A prepayment is any payment made ahead of schedule that exceeds twenty (20) percent of the then outstanding principal balance If borrower makes a prepayment and fails to give at least three weeks advance notice of intent to prepay, then, notwithstanding any other provision to the contrary in this note or other document, borrower shall be required to pay lender three weeks interest on the unpaid principal as of the date preceding such prepayment

LOAN NUMBER

GP 592122 30 03 BUF

SCHEDULE A

Note payable seven (7) years from the date of Note with interest at the rate of eight and one-quarter percent (8 1/4%) per annum, payable \$2,083.33, plus interest each month, beginning one (1) month from date of Note. Each said payment shall be applied first to interest accrued to the date of receipt of said payment, and the balance, if any, to principal.

The interest rate as of the date hereof is eight and one-quarter percent (8 1/4%) per annum. This is a variable interest rate loan in which the interest rate will fluctuate in accordance with the base rate published in the Wall Street Journal. The base rate is the lowest prime rate. The base rate published as of August 30, 1993 was six percent (6%). The interest rate (spread) to be added to the base rate at the beginning of each adjustment period will be two and one-quarter percent (2 1/4%).

Holder shall give written notice to the undersigned of each increase or decrease in the interest rate within thirty days after the effective date of each rate adjustment: however, the fluctuation of the interest rate is not contingent on whether the notice is given.

If the undersigned shall be in default of payment due on the indebtedness herein and the Small Business Administration (SBA) purchases its guaranteed portion of said indebtedness, the rate of interest on both the guaranteed and unguaranteed portion herein, shall become fixed at the rate in effect as of the initial date of default. If the undersigned shall not be in default in payment when SBA purchases its guaranteed portion herein, the interest rate shall be fixed at the rate in effect as of the date of purchase by SBA.

In no event shall the interest rate exceed applicable State or Federal usury rates.

The term "Indebtedness" as used herein shall mean the indebtedness evidenced by this Note, including principal interest, and expenses, whether contingent, now due or hereafter to become due and whether heretofore or contemporaneously herewith or hereafter contracted. The term "Collateral" as used in this Note shall mean any funds, guaranties, or other property or rights therein of any nature whatsoever or the proceeds thereof which may have been, are, or hereafter may be, hypothecated, directly or indirectly by the undersigned or others, in connection with, or as security for, the Indebtedness or any part thereof. The Collateral, and each part thereof, shall secure the Indebtedness and each part thereof. The covenants and conditions set forth or referred to in any and all instruments of hypothecation constituting the Collateral are hereby incorporated in this Note as covenants and conditions of the undersigned with the same force and effect as though such covenants and conditions were fully set forth herein.

The Indebtedness shall immediately become due and payable, without notice or demand, upon the appointment of a receiver or liquidator, whether voluntary or involuntary, for the undersigned or for any of its property, or upon the filing of a petition by or against the undersigned under the provisions of any State insolvency law or under the provisions of the Bankruptcy Reform Act of 1978, as amended, or upon the making by the undersigned of an assignment for the benefit of its creditors. Holder is authorized to declare all or any part of the Indebtedness immediately due and payable upon the happening of any of the following events: (1) Failure to pay any part of the Indebtedness when due, (2) nonperformance by the undersigned of any agreement with, or any condition imposed by, Holder or Small Business Administration (hereinafter called "SBA"), with respect to the Indebtedness, (3) Holder's discovery of the undersigned's failure in any application of the undersigned to Holder or SBA to disclose any fact deemed by Holder to be material or of the making therein or in any of the said agreements, or in any affidavit or other documents submitted in connection with said application or the indebtedness, of any misrepresentation by, on behalf of, or for the benefit of the undersigned, (4) the reorganization (other than a reorganization pursuant to any of the provisions of the Bankruptcy Reform Act of 1978, as amended) or merger or consolidation of the undersigned (or the making of any agreement therefor) without the prior written consent of Holder, (5) the undersigned's failure duly to account, to Holder's satisfaction, at such time or times as Holder may require, for any of the Collateral, or proceeds thereof, coming into the control of the undersigned, or (6) the institution of any suit affecting the undersigned deemed by Holder to affect adversely its interest hereunder in the Collateral or otherwise. Holder's failure to exercise its rights under this paragraph shall not constitute a waiver thereof.

Upon the nonpayment of the Indebtedness, or any part thereof, when due, whether by acceleration or otherwise, Holder is empowered to sell, assign, and deliver the whole or any part of the Collateral at public or private sale, without demand, advertisement or notice of the time or place of sale or of any adjournment thereof, which are hereby expressly waived. After deducting all expenses incidental to or arising from such sale or sales, Holder may apply the residue of the proceeds thereof to the payment of the Indebtedness, as it shall deem proper, returning the excess, if any, to the undersigned. The undersigned hereby waives all right of redemption or appraisal whether before or after sale.

Holder is further empowered to collect or cause to be collected or otherwise to be converted into money all or any part of the Collateral, by suit or otherwise, and to surrender, compromise, release, renew, extend, exchange, or substitute any item of the Collateral in transactions with the undersigned or any third party, irrespective of any assignment thereof by the undersigned, and without prior notice to or consent of the undersigned or any assignee. Whenever any item of the Collateral shall not be paid when due, or otherwise shall be in default, whether or not the indebtedness, or any part thereof, has become due, Holder shall have the same rights and powers with respect to such item of the Collateral as are granted in this paragraph in case of nonpayment of the Indebtedness, or any part thereof, when due. None of the rights, remedies, privileges, or powers of Holder expressly provided for herein shall be exclusive, but each of them shall be cumulative with and in addition to every other right, remedy, privilege, and power now or hereafter existing in favor of Holder, whether at law or equity, by statute or otherwise.

The undersigned agrees to take all necessary steps to administer, supervise, preserve, and protect the Collateral, and regardless of any action taken by Holder, there shall be no duty upon Holder in this respect. The undersigned shall pay all expenses of any nature, whether incurred in or out of court, and whether incurred before or after this Note shall become due at its maturity date or otherwise, including but not limited to reasonable attorney's fees and costs, which Holder may deem necessary or proper in connection with the satisfaction of the Indebtedness or the administration, supervision, preservation, protection of (including, but not limited to, the maintenance of adequate insurance) or the realization upon the Collateral. Holder is authorized to pay at any time and from time to time any or all of such expenses, add the amount of such payment to the amount of the Indebtedness, and charge interest thereon at the rate specified herein with respect to the principal amount of this Note.

The security rights of Holder and its assigns hereunder shall not be impaired by Holder's sale, hypothecation or rehypothecation of any note of the undersigned or any item of the Collateral, or by any indulgence, including but not limited to (a) any renewal, extension, or modification which Holder may grant with respect to the Indebtedness or any part thereof, or (b) any surrender, compromise, release, renewal, extension, exchange, or substitution which Holder may grant in respect of the Collateral, or (c) any indulgence granted in respect of any endorser, guarantor, or surety. The purchaser, assignee, transferee, or pledgee of this Note, the Collateral, and guaranty, and any other document (or any of them), sold, assigned, transferred, pledged, or repledged, shall forthwith become vested with and entitled to exercise all the powers and rights given by this Note and all applications of the undersigned to Holder or SBA, as if said purchaser, assignee, transferee, or pledgee were originally named as Payee in this Note and in said application or applications.

This promissory note is given to secure a loan which SBA is making or in which it is participating and, pursuant to Part 101 of the Rules and Regulations of SBA (13 C F R 101 1(d)), this instrument is to be construed and (when SBA is the Holder or a party in interest) enforced in accordance with applicable Federal law

GENESEE VALLEY TRANSPORTATION CO., INC.

By: President

AFFIX SEAL

By: Secretary

Note —Corporate applicants must execute Note, in corporate name, by duly authorized officer, and seal must be affixed and duly attested partnership applicants must execute Note in firm name, together with signature of a general partner

A F F I D A V I T

STATE OF NEW YORK)
) SS:
COUNTY OF MONROE)

I, Laura L. Bruns, being duly sworn, deposes and says:

1. That I am a paralegal with the law firm of Hiscock & Barclay, attorneys for Key Bank of New York, with an office located at 30 West Broad Street, Suite 206, Rochester, New York.

2. That my attention has been called to a certain security agreement made by and between GVR Associates, Inc. and Key Bank of New York, dated the 8th day of October, 1993.

3. That said document is a certified true copy of the original and is a complete and identical copy in all respects to the original.

4. I make this Affidavit to induce the ICC to file said security agreement.



LAURA L. BRUNS

Sworn to before me this
13th day of October, 1993.



Notary Public

DEBRA L. WILLIAMSON
Notary Public, State of New York
Monroe County
My Commission Expires August 17, 1994

STATE OF NEW YORK)
) SS.:
COUNTY OF MONROE)

On the 8th day of October, 1993 before me personally came Jeffrey P. Baxter to me known, who, being by me duly sworn, did depose and say that he resides at Lowville, New York, that he is the Vice President of Mohawk, Adirondack & Northern Railroad Corporation, the corporation described in and which executed the above instrument and that he signed his name thereto by order of the board of directors of said corporation.



Notary Public

LAURA L. BRUNS
Notary Public, State of New York
Monroe County
My Commission Expires 10/30/93